

DATE: June 17, 2005

TO: Region Engineers
Region Delivery Engineers
TSC Managers
Resident/Project Engineers
Region Construction Engineers

FROM: Larry E. Tibbits
Chief Operations Officer

John C. Friend
Engineer of Delivery

SUBJECT: Bureau of Highway Instructional Memorandum 2005-11
Federal Highway Administration Approval Limits on Contract
Modifications (Supercedes BOH IM 2002-11)

The purpose of this memorandum is to revise the Federal Highway Administration (FHWA) approval limits on contract modifications. Beginning immediately, the following approval limits apply to all FHWA funded projects.

MDOT oversight projects (formerly FHWA exempt) will continue to be approved and signed by the TSC manager.

For FHWA oversight projects (formerly non-exempt), FHWA approval is required for the following conditions:

1. Any contract modification for an individual extra item or issue resulting in an extra(s), or adjustment to the unit prices to the contract of \$50,000 or more.
2. Any change to the scope of the project, regardless of the amount.
3. Prior approval is required on all extensions of time on incentive/disincentive (I/D) projects, any changes to an I/D clause, A+B provisions, or warranty provisions.
4. Any Value Engineering Change Proposal, regardless of amount.

Changes to extra or regular contract work items on FHWA oversight projects do not require FHWA approval, unless the changes constitute a change in the scope of work.

Extra work items and adjustments that are 100 percent locally or state funded do not require FHWA approval unless the changes constitute a change in the scope of work.

For contract modifications requiring FHWA approval, the originating office will continue to send the original contract modification to the Construction and Technology Support Area's Construction Contracts Unit. Print on the top of the contract modification "**Requires FHWA Approval.**" The Construction Contracts Unit will forward it to FHWA for approval. Once approved by FHWA, the Construction Contracts Unit will send the contract modification back to the originating office to be approved in FieldManager. Once approved in FieldManager, two clean copies shall be sent to the Construction Contracts Unit. If FHWA does not return the contract modification within ten calendar days, the Construction Contracts Unit will notify the originating office to approve the contract modification.

FHWA's failure to act on the contract modification within ten days means the contractor can be paid; it does not necessarily mean FHWA has approved the contract modification.

The project engineer is encouraged to contact the FHWA area engineer to discuss any of the above required approval items before the work items are started.

Chief Operations Officer

Engineer of Delivery

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